

**Demands or Resources? The Relationship Between HR Practices, Employee Engagement,  
and Emotional Exhaustion Within a Hybrid Model of Employment Relations**

Edel Conway, Na Fu, Kathy Monks, Kerstin Alfes, and Catherine Truss (2016)  
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## **Abstract**

This paper explores the ways in which employees may experience and respond to tensions inherent in the mix of potentially conflicting HR practices that comprise hybrid models of employment relations. By drawing on the Job Demands-Resources (JD-R) literature and viewing HR practices as 'demands' and 'resources', we explore the impact of performance management and employee voice practices on employee well-being, as exemplified by engagement and emotional exhaustion, in a large public sector organization in Ireland. Our findings suggest that employee voice mechanisms may act as a resource in both enhancing engagement but also in counterbalancing the demands presented by a performance management system, thus reducing the deleterious effects of emotional exhaustion. Our study extends understanding of hybrid models of HRM and of the ways in which employees manage the contradictory signals that such models may send in terms of performance expectations.

**Keywords:** hybrid HR models, HR practices, employee engagement, job demands-resources, emotional exhaustion, employee voice, performance management.

## **Introduction**

One of the long-term impacts of the global economic crisis that began in 2008 has been the speeding up and in some cases radical transformation of the processes of public sector reform. Since 2008, in order to both cut costs and improve performance within their public sectors, governments throughout the world have imposed new working arrangements, cut pay, altered radically the terms and conditions of employment, and initiated redundancy and severance schemes (Bach, 2011; Truss, 2013). Such changes have been enforced in public sector contexts that have traditionally been viewed as epitomizing ideal working conditions based on principles of justice, equality and fairness, and exemplified in incremental salaries, equality of opportunity, excellent pensions, guaranteed job security and employee voice (Diefenbach, 2009; MacCarthaigh, 2008; Truss, 2013).

The recent radical reforms come on top of ongoing changes to public sectors that have been broadly constituted under the umbrella term of “new public management” (NPM). Many of the NPM reforms resulted from the importation of private sector policies and practices that now

sit alongside those that are considered core to a public sector ethos. Research investigating this type of hybridity has mainly been conducted at an organizational level (Denis, Ferlie & van Gestel, 2013), with little attention paid to how employees experience and respond to hybrid forms of HRM (Roche, Teague, Coughlan, & Fahy, 2011; Colley, McCourt, & Waterhouse, 2012). Yet hybrid forms, with their mix of disconnected and potentially conflicting HR practices, may send mixed signals to employees in regard to expected behavior. As such, they provide fruitful ground for exploring some of the tensions within HRM that have been identified as an important, yet neglected, area for research (Boxall, Ang & Bartram, 2011; Ehrnrooth & Bjorkman, 2012; Jenkins & Delbridge, 2013; Thompson & Harley, 2007; Van De Voorde, Paauwe, & Van Veldhoven 2012).

Our research to explore these tensions is based on a survey undertaken in 2011 of 2348 employees working in a large public sector organization in Ireland. In undertaking our analysis, we focus on how employees' experiences of the signals (Bowen & Ostroff, 2004) sent in regard to performance expectations via two HR practices, performance management and employee voice, are related to well-being as measured by employee engagement and emotional exhaustion. We focus on these two HR practices as core elements in the hybrid model of employment relations that has emerged in the public sector. The new performance management and measurement systems imposed under NPM emphasize the monitoring of individual performance through targets, performance indicators and control systems designed to increase efficiency and productivity (Bach, 2011; Department of Public Expenditure and Reform, 2011; Diefenbach, 2009). In contrast, long established voice mechanisms emphasize the notion of improved performance through employees having a say in decision making about their work activities and wider workplace issues through either individual or collective processes (Farndale, Van Ruiten,

Kelliher & Hope-Hailey, 2011; Wilkinson & Fay, 2011). While both practices are designed to achieve the goal of performance enhancement that is central to public sector reform, their differing orientations have the potential to send mixed signals to employees about expected behavior.

In order to explore these tensions, we consider employees' experiences of performance management and employee voice practices in regard to two aspects of well-being: engagement and emotional exhaustion. A focus on these outcomes is in line with calls for the adoption of a more worker-friendly approach in order to bring the worker "center-stage" in any analysis of HR practices (Guest, 2011, p. 5). However, rather than focusing solely on the positive versus negative or "good" versus "bad" debates (Harley, Sargent & Allen, 2010), we draw on the Job Demands-Resources (JD-R) literature (Bakker & Demerouti, 2007) to view performance management as a potential demand and employee voice as a potential resource in regard to employee experiences of well-being.

Our analysis begins by examining HRM within NPM, thus providing insights into the internal and external contexts that have been identified as important to understanding both the shaping of HR practices (Paauwe, 2009) and the processes of engagement (Bakker, Albrecht, & Leiter, 2011). We then examine the literature on engagement and emotional exhaustion and develop a number of hypotheses for testing. Our findings point to the valuable role of voice mechanisms in acting as a resource to both employees and organizations by increasing levels of engagement and reducing exhaustion, and by acting as a counterbalance to the demands presented by performance management in influencing these outcomes.

### **HRM and New Public Management**

The “pandemic” reforms that have taken place under “new public management” (NPM) have seen moves away from the traditional career service model towards market-based and performance management “regimes” and the creation of a hybrid of old and new practices (Colley et al., 2012, p. 507). These reforms include changes in the way in which services are delivered, a greater emphasis on customer service, and the introduction of private sector HR practices such as performance-based management, downsizing and devolution of decision making (Boyle & MacCarthaigh, 2011; Brown, Waterhouse & Flynn, 2003; Lindorff, 2009). This era of post-bureaucracy, which combines elements of an organic structure (Burns & Stalker, 1961) with more direct forms of control (Heydebrand, 1989), represents the “combination of apparently opposite ideal-types” (Josserand, Teo & Clegg, 2006, p. 55) with a shift in emphasis from “process accountability towards accountability for results” (Bach & Bordogna, 2011, p. 2284).

### **NPM in Ireland**

While the issue of public sector reform has been of ongoing concern to successive Irish governments, in 2008 the pace and nature of the reform process was thrown into disarray by Ireland’s experience of a major and unprecedented economic crisis. This had led to steep rises in unemployment, together with reductions in both GDP and GNP and major problems with the public finances (Boyle & MacCarthaigh, 2011; O’Connell, Russell, Watson, & Byrne, 2009). As a result, the Irish Government not only quickened the pace but also altered the nature of public sector reform. Perhaps the most influential of the various measures is the “Public Services (Croke Park) Agreement 2010-2014” that was drawn up between the Government and various public sector unions. The Agreement arose from budgetary measures that included public sector pay cuts, a moratorium on recruitment and promotion, the introduction of an incentivized early

retirement and career break scheme, a pension-related deduction of around 7 per cent that was applied to all earnings, reduced pay and pension terms for new entrants, an increase in shared services, and a reduction in numbers working in the sector.

The reform processes introduced in Ireland appear in line with, if somewhat more austere than, those that have emerged from the NPM reforms in the UK, Australia, the USA, and Canada. The underlying philosophy of the reform is to drive a high-performance culture by introducing and strengthening systems of performance management and to “integrate these systems with HR policies and related processes” (Department of Public Expenditure and Reform, 2011). Yet several tensions and contradictions are apparent. First, a performance management system was introduced where none had previously existed, that was directed towards “significantly improved performance management with promotion and incremental progression linked in all cases to performance” (Implementation Body, 2012: pp. 5-6). At the same time, promotion has been halted and incremental progression severely curtailed as part of the austerity measures. Second, the implementation plan states that the reform starts with “its greatest asset; its people” and that it will strengthen its engagement processes with staff “to ensure buy in, participation and commitment” to the plan. Despite the involvement of unions in the Agreement, the process has essentially been “top down” and imposed with the Irish government pursuing a dualist “carrot and stick” approach in its reform proposals: the focus on performance aims to “deal with” underperformance, at the same time communication and engagement processes are seen as a “key lever”. However, as Jenkins and Delbridge (2013, p. 2673) point out, “where engagement is pursued to increase employee productivity as the key goal, this can lead to a piecemeal and instrumental approach to dealing with the complex dimensions required to develop engaged employees in a sustained way”. In addition, these measures are imposed on a

public service ethos with its long-standing traditions such as equality, fairness, accountability, and integrity (Diefenbach, 2009; MacCarthaigh, 2008). Core to these traditions has been the notion of employee voice, both at an individual level through initiatives such as suggestions schemes, information provision and participation in decision-making, and at a collective level through both partnership and collective bargaining mechanisms (Geary, 2006).

The hybrid model of employment relations created by this amalgam of “new” and “old” practices is reflective of the types of tensions and contradictions that may occur within HR systems (e.g. Boxall & Purcell, 2008; Boxall, et al., 2011; Jenkins & Delbridge, 2013; Thompson & Harley, 2007). HR practices can be viewed as signaling and communications mechanisms from employer to employee (Bowen & Ostroff, 2004), which are then interpreted and responded to by employees in complex ways. While it has long been realized that employees may respond differently to the same practice (Guzzo & Noonan, 1994), this process is further complicated if the HR practices within a system send conflicting signals about the types of behavior that are expected. Boxall et al. (2011) point out that it is unlikely that a HR system will send a “single” set of signals and caution for “the need to be aware that different components of the system or bundle can be pushing in different directions” (p. 1507). Evidence suggests that such systems need to be planned and carefully managed if they are to have any chance of success. For example, Kinnie, Hutchinson and Purcell (2000) found two very different types of HR system operating in UK call centers that had responded to the problems of employee dissatisfaction by investing in a range of sophisticated HR practices, but within a tightly controlled and measured work situation; a mix they refer to as “fun and surveillance”. While these systems were sending quite contradictory messages, employees were able to differentiate between them in their responses. However, the HR systems were specifically designed to elicit particular responses

rather than emerging in an ad hoc way; employees may perceive HR practices quite differently in situations where performance management practices are imposed.

As organizations and environments become more complex, Thompson and Harley (2007: 154) suggest that a “clear trend” towards the increased hybridity of control structures and the hybridity of the kind where “conventional soft HRM practices coexist alongside neo-Taylorist work organization” may pose a “significant challenge to HRM”. They point out that many HRM scholars tend to “rely on contrasting ideal types of high-commitment and low-commitment HRM strategies” conceiving each of them as “coherent packages”, but perhaps forgetting that the tensions and trade-offs between differing HR strategies (such as control and commitment) have to be managed. Apart from the intricacies of the management process, one that Boxall and Purcell (2008, p. 204) suggest may require a blend of “forcing” and “fostering” behavior on the part of managers, employees at the receiving end of this hybridity may be exposed to conflicting signals associated with disconnected HR practices. Little is known about how employees experience and respond to these types of practices and if and how they resolve any contradictions that arise. While the literature focusing on issues of internal fit within HR systems suggests that “powerful connections” and “deadly combinations” (Becker, Huselid, Pickus, & Spratt, 1997, p. 43) may result from positive or negative synergistic effects, these potential negative effects have not received the same level of attention in the literature as that accorded to the notion of internal fit (Macky & Boxall, 2007). There is certainly evidence from international studies that the impact of NPM initiatives on employees’ well-being has been problematic, with reports of negative outcomes such as work intensification, stress, distrust, and reductions in employee commitment (Brunetto, Farr-Wharton, & Shacklock, 2011; Butterfield, Edwards, & Woodall,



2005; Conway & Monks, 2008; Morris & Farrell, 2007). In the next section, two elements of well-being - engagement and emotional exhaustion - are examined.

### **Employee Engagement and Emotional Exhaustion**

Engagement is defined as “a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption” (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002, p. 74). Research suggests that engaged employees are more likely to be enthusiastic and invest energy into their jobs which, in turn, may lead to higher levels of performance (Christian, Garza, & Slaughter, 2011). Burnout is considered to comprise three dimensions - emotional exhaustion, cynicism and inefficacy – and has also been associated with lower productivity and performance (Maslach, Schaufeli, & Leiter, 2001). Maslach and Leiter (1997) argue that engagement becomes eroded when burnout is manifested, which conceptually places burnout at the other end of the engagement continuum. In contrast, Schaufeli and Salanova (2011) argue that “not feeling burned-out doesn’t necessarily mean that one feels engaged, and not feeling engaged doesn’t necessarily mean that one is burned-out” (p. 41). They suggest that because both concepts represent distinct psychological states which have the potential to arise simultaneously, they should be measured independently. Our analysis focuses on both engagement and emotional exhaustion, which is regarded as the central component of the burnout process (Maslach et al., 2001). Emotional exhaustion is defined as “feelings of being emotionally overextended and depleted of one’s emotional resources” (Maslach, 1993, pp. 20-21), which impede individuals from meeting their job demands and fulfilling performance expectations. By viewing employee engagement as a positive and fulfilling state, and emotional exhaustion as a state of being overworked and depleted, we respond to recent calls in the

literature for a greater balance between managerialist and employee-centered perspectives (e.g. George, 2011; Maslach, 2011).

Bakker et al.'s (2011) analysis suggests that in order to “facilitate work engagement and to prevent burnout, employers should create an organizational context where employees feel enthusiastic, energized and motivated because their jobs are both ‘active’ and ‘pleasurable’” (pp. 76-77). It has been suggested that HR practices represent one means through which employers can indicate their intentions to invest in and support their employees and that such signals are seen as a necessary precondition for engagement (Alfes, Shantz, Truss, & Soane, 2013; Rich, LePine, & Crawford, 2010). The Job Demands–Resources (JD-R) model (Bakker & Demerouti, 2007) represents one of the mostly widely used frameworks for examining the differential relationship between demands and resources and both engagement and burnout. Bakker and Demerouti (2007) describe job demands as “those physical, psychological, social, or organizational aspects of the job that require sustained physical and/or psychological (cognitive and emotional) effort or skills and are therefore associated with certain physiological and/or psychological costs” (p. 312). They argue that while these demands are not necessarily negative, they may become stressors if employees fail to recover from the efforts expended to meet them. Job resources represent the physical, psychological, social, or organizational aspects of the job that (a) reduce or buffer against job demands, (b) facilitate meeting work goals, or (c) stimulate personal growth and development (Schaufeli & Bakker, 2004, p. 296).

The JD-R model extends on the demands-control model (Karasek, 1979) by incorporating several combinations of demands and resources depending on the specific work context (Bakker & Demerouti, 2007). It identifies two different underlying processes that can lead to exhaustion and engagement. The first is the health impairment process, which posits that high performance

demands can exhaust employees' personal (mental and physical) resources leading to a depletion of energy (i.e. exhaustion). The second process is a motivational one and posits that job resources can stimulate work motivation that will lead to high levels of engagement. The conflicting relationships associated with this "dual process" have received strong support across a range of contexts and occupations (Bakker & Demerouti, 2007). In the present study, we identify two HR practices – performance management and employee voice – as providing an important basis for understanding how demands and resources influence engagement and exhaustion.

### **Linking HR practices to Employee Engagement and Emotional Exhaustion**

Performance management can be defined as "an integrated process in which managers work with their employees to set expectations, measure and review results, and reward performance, in order to improve employee performance, with the ultimate aim of positively affecting organizational success" (Den Hartog, Boselie, & Paauwe, 2004, p. 557). While performance management can serve both a developmental and evaluative function (Levy & Williams, 2004), research evidence from the public sector suggests that performance management systems under NPM focus on measurement, monitoring and control (Bach, 2011; Diefenbach, 2009). It is therefore considered as a demand in the context of the present study. Employee voice as an involvement mechanism serves a similar purpose to performance management in that it focuses on encouraging employees to identify with and work towards organizational goals, but without an emphasis on compliance or control (Walton, 1985). We posit that high involvement through voice constitutes a resource (Schaufeli & Bakker, 2004), which can buffer against performance-related demands and which we posit can ultimately influence the attainment of work related goals for the benefit of both employees and

organizations. In the following sections, the relationship between these two practices and each of these outcomes is explored separately.

### **Performance Management, Employee Engagement and Emotional Exhaustion**

Performance management is regarded as playing an integral role in the HR system since it extends to and facilitates the integration of other HR practices in the system (Gruman & Saks, 2011). For example, the process of performance evaluation informs decisions about recruitment, training and other supports that can help to reduce performance demands, as well as decisions about career progression, rewards and sanctions depending on whether performance expectations have been met. A recent review of evidence regarding the core antecedents of engagement (Wollard & Shuck, 2011) failed to find any study that focused specifically on performance management. In contrast, there is a body of research that explores the linkages between performance management and aspects of burnout, including emotional exhaustion, particularly in a public sector context. Brown and Benson (2003), in a study of 2898 employees in the Australian public sector, found that the pursuit of higher ratings is associated with higher levels of emotional exhaustion. A related stream of research focuses on work intensification, a factor that is identified as contributing to emotional exhaustion. In the UK public sector, for example, there is evidence of a link between performance management systems and work intensification among managers (Morris & Farrell, 2007) and police sergeants (Butterfield et al., 2005). Regarding those practices that support performance management systems, research findings show that training (Castanheira & Chambel, 2010) and promotion opportunities (Deery, Iverson, & Walsh, 2002) are negatively linked to various indicators of work stress including burnout. The Irish Government's imposition of performance management within the public sector, with corresponding cuts in pay, recruitment and promotion, signals a lack of integration with key

elements of the system. We argue that this lack of integration with other supporting practices serves to establish disequilibrium between resources and performance demands. From a social exchange perspective, it is suggested that when the balance between “give and take” becomes disturbed, the potential for burnout increases (Schaufeli & Salanova, 2011). The increased demands on performance, coupled with diminishing resources where employees find themselves doing less of what they consider pleasurable or fulfilling in order to simply get the work done, presents the potential for a sense of disengagement (Rees, Alfes, & Gatenby, 2013; Schaufeli & Bakker, 2010). Therefore, consistent with the health impairment process identified in the JD-R model, we expect that experiences of performance management will be positively related to perceived levels of emotional exhaustion and negatively linked to engagement. We hypothesize that:

*Hypothesis 1a: Experiences of performance management will be positively related to emotional exhaustion.*

*Hypothesis 1b: Experiences of performance management will be negatively related to employee engagement.*

### **Employee Voice, Employee Engagement and Emotional Exhaustion**

Research within the industrial relations tradition has tended to equate employee voice with the collective action of trade unions, while studies within the broader HRM literature take account of how employees as individuals feel about and respond to workplace decisions (Benson & Brown, 2010; Dundon, Wilkinson, Marchington & Ackers, 2004). Employee voice is a complex phenomenon that has many, sometimes conflicting, interpretations (Folger, 1977; Wilkinson & Fay, 2011). In general, it refers to the existence of “a climate that encourages employees to put forward their ideas and opinions, and the extent to which influence is

associated with choice, that is, whether employee ideas and opinions really affect the outcome of decisions” (Farndale et al., 2011: 114).

Studies that have identified key drivers of engagement have noted the importance of employee voice and communication mechanisms in ensuring that employees feel that they are well informed about what is going on within their organizations and that they are in a position to feed their views upwards (Alfes, Truss, Soane, Rees, & Gatenby, 2010; Farndale et al., 2011; Marchington & Kynighou, 2012; Rees et al., 2013; Truss et al., 2006). Voice mechanisms have been associated with positive outcomes because it is believed they provide employees with a sense of direction and control over demands in their work (Karasek, 1979). Conversely, a lack of voice has been associated with psychological health problems because individuals feel that they have limited control or ability to cope in stressful situations (Karasek & Theorell, 1990; Schaufeli & Bakker, 2004). Previous studies have shown that information exchange and participation in decision making, when viewed as job resources, are negatively linked to burnout (e.g. Bakker, Demerouti, deBoer, & Schaufeli, 2003; Hakanen, Bakker, & Schaufeli, 2006) and positively linked to engagement (e.g. Crawford, LePine, & Rich, 2010). Consistent with the motivational process identified in the JD-R model, we expect that:

*Hypothesis 2a: Experiences of employee voice will be negatively related to emotional exhaustion.*

*Hypothesis 2b: Experiences of employee voice will be positively related to employee engagement.*

### **Hybridity, Employee Engagement and Emotional Exhaustion**

While much of the earlier research on the JD-R model examined the main effects of job demands and resources, more recent research has considered job resources as having a buffering impact on the relationship between job demands and outcomes (e.g. Bakker et al., 2003;

Hakanen, Bakker & Demerouti, 2005). For example, Bakker et al. (2007) conducted a study among Finnish teachers and found that resources were strong predictors of engagement, particularly when job demands (i.e. pupil misbehavior) were high. Bakker, Demerouti, and Euwema (2005) also found support to show that resources (e.g. autonomy, performance feedback) buffer the impact of demands (e.g. work overload) on exhaustion and cynicism. Research on hybrid HR systems, as opposed to individual HR practices, also suggests that resources can reduce the impact of demands on burnout. For example, research by Castanheira and Chambel (2010) demonstrated the existence of control and involvement HR systems operating simultaneously within call centers in Portugal. They reported an association between the HR control system, characterized by more emotional dissonance and less autonomy, and increased burnout among employees. At the same time, they reported that the HR involvement system led to reductions in burnout through its alleviation of the job demands of emotional dissonance and quantitative demands.

One well established argument in the literature (e.g. Folger & Kovnosky, 1989; Thibaut & Walker, 1975) is that employee voice contributes to experiences of fairness regarding both the outcome of a decision and the process by which that decision comes about. In the context of performance management, findings also suggest that both instrumental voice (i.e. where outcomes can be directly or indirectly influenced) and non-instrumental voice (i.e. where there is opportunity to speak up irrespective of influencing the outcome) is related to satisfaction with the process (Korsgaard & Roberson, 1995). While the imposition of the performance management system - coupled with the various cutbacks to resources linked to performance enhancement - might be perceived to be beyond the control of employees, the operation of the performance management process itself might be influenced through voice. This would suggest that voice, as

a potential resource, can help individuals to cope better with meeting performance demands (Brockner et al., 2004), by encouraging greater influence and a more active approach to problem solving. In line with this argument, we suggest that the predicted relationships between performance management, exhaustion and engagement might be intensified or mitigated by employee voice and hypothesize that:

*Hypothesis 3: Experiences of employee voice will moderate the positive relationship between experiences of performance management and emotional exhaustion, where the relationship will be stronger when employee voice is lower.*

*Hypothesis 4: Experiences of employee voice will moderate the negative relationship between experiences of performance management and employee engagement, such that the relationship will be stronger when employee voice is lower.*

Figure 1 summarizes the research model and the proposed hypotheses.

[Insert Figure 1 about here]

## **Method**

### **Sample and Procedure**

The study took place in a large public sector organization in Ireland. An online-survey was sent to all 6992 employees between November 2011 and January 2012. A total of 2734 questionnaires were returned, giving a response rate of 39%. Deletion of missing values resulted in a usable sample of 2348 employees (35%) of which 66 per cent were female. The majority (98 percent) were permanent employees of whom 86 percent worked full-time. The workforce was relatively well-educated with 28 percent holding a primary degree or higher. The average organizational tenure was 20.18 years (s.d. = 10.91).

### **Measures**

#### ***HR Practices***

We adapted three items from previous research to measure experiences of performance management. The items were: “I receive a formal evaluation of my performance at least once a



year” (Kehoe & Wright, 2013); “My performance is assessed based on my compliance with pre-set behaviors, procedures, and standards”; and “I am encouraged to set objective, quantifiable goals that are reviewed once a year” (Lepak & Snell, 2002). We measured employee voice using the following four items: “I have good opportunities to participate in decisions that affect me”; “Suggestions that I make are taken seriously”; “My organization makes staff aware of future plans that may impact on people or their jobs”; and “I have a good deal of information about what is happening in different parts of my organization”. The items were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). To check the factor structure, we ran a principal axis factoring analysis with oblique rotation. The results showed a clear two-factor structure with factor loadings above .55. The Cronbach’s alpha for the scales were: performance management ( $\alpha=.84$ ) and employee voice ( $\alpha=.79$ ).

### ***Employee Engagement***

We used the shortened 9-item version of the Utrecht engagement scale (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002) to measure engagement. The items were measured on a five-point scale (1 = “never” to 5 = “always”) and included statements such as: “I am immersed in my work” and “I feel happy when I am working intensely”. The Cronbach’s alpha of the scale was .88.

### ***Emotional Exhaustion***

We used eight items developed by Maslach and Jackson (1981) to measure exhaustion. Respondents indicated how frequently they experienced exhaustion using a five-point Likert Scale (1 = “never” to 5 = “always”). Sample items were: “I feel emotionally drained from my work” and “I feel burned out from my work”. The Cronbach’s alpha for the scale was .87.

### ***Control Variables***

In line with previous research on emotional exhaustion and engagement (e.g. Alfes et al., 2010; Halbesleben & Bowler, 2007; Rees et al., 2013), the following controls were included: gender (1 = female, 0 = male), organizational tenure (years), work mode (1 = full-time, 0 = part-time), and education. We created three dummy variables to capture education as follows: primary degree or higher, high school education or lower, using third level qualification below degree level as the reference group.

As all variables in our study were collected from a single source, we needed to establish whether common method bias was an issue in our data. To address this potential concern, we followed a number of recommendations during the research design and analysis phases (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003; Podsakoff, MacKenzie, & Podsakoff, 2012). In the research design phase, we provided assurances about the anonymity of the survey and the confidentiality of the data. Prior to distribution, we tested, revised and re-tested the survey among a group of participants in the case organization. Finally, during the analysis phase, a series of confirmatory factor analyses were carried out.

### ***Measurement Models***

We carried out our analysis using AMOS (version 18.0). We first performed confirmatory factor analyses to assess the potential influence of common method bias and to establish the discriminant validity of the scales. A full measurement model was tested initially. The three engagement facets loaded on to one general factor and the performance management, employee voice and emotional exhaustion items loaded on to their respective factors. All factors were allowed to correlate.

**[Insert Table I about here]**

The four-factor model showed a good model fit ( $X^2 = 1932$ ;  $df = 128$ ;  $NFI = .91$ ;  $CFI = .91$ ;  $RMSEA = .08$ ;  $SRMR = .06$ ), apart from the  $X^2/df$  value. However, considering the complexity of our model owing to the number of indicators involved (Cortina, Chen & Dunlap, 2001; Hair, Black, Babin, & Anderson, 2010), and given that the  $X^2/df$  value is very sensitive to large sample sizes (Bentler, 1990; Hair et al., 2010), this high value is not surprising and is comparable to that found in other published studies (e.g. Liao, Toya, Lepak, & Hong, 2009; Nishii, Lepak, & Schneider, 2008). We proceeded to carry out sequential  $X^2$  difference tests that compared the full measurement model to six alternative nested models as shown in Table I. Results comparing the measurement models show that the model fit of the alternative models was significantly worse compared to the full measurement model (all at  $p < .001$ ). This suggests that the variables in the study are distinct.

## Results

Table II shows the descriptive statistics for all of the variables in the study. As all variables were latent, moderated structural equation modelling (MSEM) was identified as a preferred approach over regression analysis. This is because moderated regression analysis limits the researcher to investigating one dependent variable at a time, and can lead to both the loss of statistical power as the reliability decreases (Aiken & West, 1991), and biased coefficient estimates (Ping, 1995). We adopted Ping's (1995) approach to MSEM using the three steps described by Cortina et al. (2001). These steps are detailed in the appendix. Aside from the  $X^2$  statistic, the results show a good model fit ( $X^2 = 1783$ ;  $df = 181$ ;  $NFI = .90$ ;  $CFI = .91$ ;  $RMSEA = .07$ ;  $SRMR = .06$ ). Figure 2 presents the results of the analysis.

**[Insert Table II and Figure 2 about here]**

Hypothesis 1 proposed a positive relationship between experiences of performance management and emotional exhaustion (hypothesis 1a) and a negative relationship between experiences of performance management and employee engagement (1b). The results in Figure 2 show that experiences of performance management were positively related to employee exhaustion ( $\beta = .06, p < .05$ ) and negatively related to employee engagement ( $\beta = -.10, p < .001$ ). This provides support for hypothesis 1.

Hypothesis 2 predicted a negative relationship between experiences of employee voice and employee exhaustion (Hypothesis 2a) and a positive relationship between experiences of employee voice and employee engagement (Hypothesis 2b). Figure 2 shows that experiences of employee voice were negatively related to employee exhaustion ( $\beta = -.46, p < .001$ ) and positively related to employee engagement ( $\beta = .46, p < .001$ ). Thus, hypothesis 2 is supported.

Hypothesis 3 proposed that experiences of employee voice will moderate the positive relationship between performance management and employee exhaustion, where the relationship is stronger when voice is lower. The findings presented in Figure 2 show that the interaction coefficient for employee voice and performance management was significant ( $\beta = -.09, p < .01$ ). A simple slope test based on one SD above and below the moderator provided further support for the moderated relationship. Figure 3 plots the interaction, which shows that the relationship between performance management and emotional exhaustion is stronger when employee voice is low [ $B = .29, t = 3.94, p < .001$ ]. This supports hypothesis 3. The analysis further indicates that

the relationship between performance management and emotional exhaustion is weaker when employee voice is high [ $B = -.14, t = -2.10, p < .05$ ].

**[Insert Figure 3 about here]**

Hypothesis 4 proposed that experiences of employee voice will moderate the negative relationship between performance management and employee engagement, where the relationship will be stronger when employee voice is lower. Figure 2 shows that the interaction coefficient for employee voice and performance management is significant ( $\beta = .08, p < .01$ ). Figure 4 plots the interaction and shows that the negative relationship between performance management and engagement intensifies when employee voice is low. The simple slope tests provide further support. The relationship between performance management and engagement was negative and differed from 0 at low levels of employee voice [ $B = -.26, t = -3.50, p < .001$ ] and was positive but did not differ from 0 at high levels of employee voice [ $B = .04, t = .53, n.s.$ ]. Thus, hypothesis 4 is supported.

**[Insert Figure 4 about here]**

## **Discussion**

Our research focused on two HR practices - performance management and employee voice - and considered these practices in regard to two elements of employee well-being: exhaustion and engagement. These particular practices and their outcomes were chosen as they provided the opportunity to examine the ways in which employees experience the contradictions inherent in the hybrid model of employment relations that has emerged from the public sector reform process in Ireland. By drawing on the JD-R framework, we offer insights into the tensions within HRM that have been identified as an important, yet neglected, area for research (Boxall et al.,

2011; Ehrnrooth & Bjorkman, 2012; Jenkins & Delbridge, 2013; Thompson & Harley, 2007; Van De Voorde et al., 2012).

First, in regard to HR practices, our study indicated that employee experiences of performance management were positively linked to emotional exhaustion and negatively related to engagement. This finding is in line with some research within the public sector (Brown & Benson, 2003; Morris & Farrell, 2007), particularly within a UK context where performance management initiatives have also tended to be top-down and imposed with a monitoring and measuring orientation (Diefenbach, 2009). Employee experiences of voice were positively related to experiences of engagement and negatively related to exhaustion, again confirming prior research (Rees et al., 2013). In addition, employee experiences of voice also reduced their experiences of the emotional exhaustion associated with performance management processes.

Second, our findings suggest that it may be useful to draw on the JD-R framework (Bakker & Demerouti, 2007) and to view HR practices as “demands” and “resources” in order to understand the ways in which employees may reconcile contradictory signals within the hybrid model of the employment relationship. In our case organization, employee voice mechanisms appeared to act as a resource in both enhancing engagement but also in counterbalancing the demands presented by the performance management system, thus reducing the deleterious effects of emotional exhaustion. In the case of emotional exhaustion, our analysis revealed that low voice intensified the relationship between performance management and exhaustion, but that high voice had the potential to weaken that relationship. Thus, voice mechanisms appear to have the potential to restore the imbalance created by the imposed performance management system by giving employees a sense of control over events or decisions within the organization, perhaps also including those relevant to the performance management system itself. Our findings

strengthen arguments in the literature that, even if the outcomes of decisions have a negative impact, employees will be more likely to accept those decisions when such voice mechanisms exist (Farndale et al., 2011; Thibaut & Walker, 1975). In viewing HR practices in this way, rather than concentrating on notions of “good” or “bad” practices (Harley et al., 2010), we focus attention on how employees manage tensions within the employment relationship. The “hard” performance-oriented measures that were implemented co-existed with the “soft” voice measures that had been long established with the voice mechanisms working to counteract, at least to some extent, the negative outcomes of the potential “deadly combinations” (Becker et al., 1997; Folger & Konovsky, 1989) that might be caused by lack of fit.

Third, our study responded to calls for more attention to be paid to the external and internal context in regard to understanding both HR practices and engagement (Bakker et al., 2011; Jenkins & Delbridge, 2013; Paauwe, 2009). Our case organization was located within an Irish public sector organization that had experienced severe curtailment of resources at multiple levels as a result of the global economic crisis. The response of the Irish government to this crisis in its overhaul of the public sector finances had repercussions for employees, not just in loss of earnings, but in the strategies that were adopted by government to try to improve performance. The hybrid model of employment relations that emerged is much more ad hoc than the hybrid HR systems that have been identified in prior research (Castanheira & Chambel, 2010; Kinnie et al., 2000) where such systems were carefully designed to meet dual objectives, such as the pursuit of control and involvement strategies simultaneously. Yet such cases may be less common than the situation illustrated by our case organizations where hybridity emerges as a result of externally imposed changes that alter the composition and nature of the HR system and simply leave employees to cope with the tensions and contradictions that result. The hybrid

model identified within our case organization is context specific and emergent rather than planned and therefore more complex to manage from both an employer and employee perspective.

### **Limitations and Future Research**

While the research provides a number of important insights, there are some limitations. First, the study is cross-sectional and is based on self-report measures, which raises the possibility of common method bias. While our analysis would suggest that such bias is not a serious concern, we cannot draw firm conclusions in the absence of longitudinal data. Second, we might have included more objective indicators of well-being; however, such indicators are often not readily observable by others and are therefore difficult to capture accurately second-hand. Nevertheless, we recommend that future research considers using both alternative and more objective indicators of well-being in order to further validate our findings. Third, we examined only two HR practices. While these were core practices within our public sector context in regard to the creation of performance expectations, future research might include a wider range of practices. Finally, the research was undertaken within a specific public sector context and it would be beneficial to explore these outcomes across a wider range of sectors and international contexts as a test of the generalizability of our findings.

### **Implications for Practice**

The findings suggest that the ways in which employees interact with the potentially conflicting HR practices that they experience under the hybrid model of employment relations is complex and requires active management on the part of both HR practitioners and line managers. In addition, decisions on how such HR practices are designed need to be made after careful analysis of the particular context. Even in contexts where managers may have only limited



control over the types of HR practices that they employ, there is at least some scope to manage the contradictions that may emerge within hybrid models. Our findings suggest that investment in voice mechanisms can have the dual outcome of both enhancing engagement and reducing levels of exhaustion. This suggests that HR managers might consider ways in which to both strengthen existing voice mechanisms and to explore different types of voice to afford greater opportunities for employees to have a say in work activities and decision-making within their organizations. It will then be the responsibility of line managers to ensure that such opportunities are provided for their employees. Similarly, even in cases where changes are externally imposed, as in the context of this study, the manner in which new HR practices such as performance management are operationalized is within the gift of local managers. Such managers, when managing performance at an individual level, may be able to impact favorably on how this is viewed by employees.

## **Conclusions**

Our research set out to explore the ways in which employees perceive and respond to HR practices in the context of a hybrid model of employment relations and to consider the impact on their well-being. In so doing, we have explored some of the complexities of hybridity that may increasingly become a reality for organizations as they continue to grapple with the fall-out of economic turmoil.

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Table I Fit Statistics from Measurement Model Comparison

Models	$\chi^2(df)$	CFI	NFI	RMSEA	SRMR	$\chi^2_{diff}$	$df_{diff}$
<b>Full measurement model</b>	<b>1932 (128)</b>	<b>.91</b>	<b>.91</b>	<b>.08</b>	<b>.06</b>		
Model A <sup>a</sup>	4729 (131)	.77	.77	.12	.10	2797	3**
Model B <sup>b</sup>	4005 (131)	.81	.80	.11	.08	2073	3**
Model C <sup>c</sup>	6780 (133)	.67	.67	.15	.11	4848	5**
Model D <sup>d</sup>	7489 (133)	.64	.63	.15	.13	5557	5**
Model E <sup>e</sup>	7611 (133)	.63	.63	.16	.14	5679	5**
Model F <sup>f</sup> (Harman's Single Factor Test)	9479 (134)	.54	.53	.17	.14	7547	5**

Notes: N = 2348, \*\* $p < .001$ ;  $\chi^2$ =chi-square discrepancy, df=degrees of freedom; CFI=Comparative Fit Index; NFI=Normed Fit Index; RMSEA=Root Mean Square Error of Approximation; SRMR= Standardized Root Mean Square Residual;  $\chi^2_{diff}$ =difference in chi-square,  $df_{diff}$ =difference in degrees of freedom. In all measurement models, error terms were free to covary to improve fit and help reduce bias in the estimated parameter values. All models are compared to the full measurement model.

<sup>a</sup>=Performance management and employee voice combined into a single factor

<sup>b</sup>=Engagement and emotional exhaustion combined into a single factor

<sup>c</sup>=Performance management and employee voice combined into one factor; engagement and emotional exhaustion combined into a second factor

<sup>d</sup>=Performance management, employee voice and engagement combined into a single factor

<sup>e</sup>=Performance management, employee voice and emotional exhaustion combined into a single factor

<sup>f</sup>=All factors combined into a single factor

Table II Descriptive Statistics and Bivariate Correlations

Variables	Mean	SD	1	2	3	4	5	6
1. Employee engagement	3.56	.69	(.88)					
2. Emotional exhaustion	2.67	.67	-.47**	(.87)				
3. Employee voice	2.72	.79	.39**	-.34**	(.79)			
4. Performance management	3.29	1.01	.02	-.05**	.24**	(.84)		
5. Gender <sup>a</sup>	.66	.48	.10**	.01	-.02	-.04		
6. Education	4.42	1.45	.06**	-.01	.09**	-.10**	-.10**	
7. Tenure in public service	20.16	10.92	.15**	.02	.11**	.07**	-.10**	-.15**

Note: N=2254 (Listwise). \*\* p<.01, \* p<.05, (two-tailed tests). Reliabilities are reported in parentheses. <sup>a</sup>For gender, 1= female, 0 = male.

Figure 1. Research Model

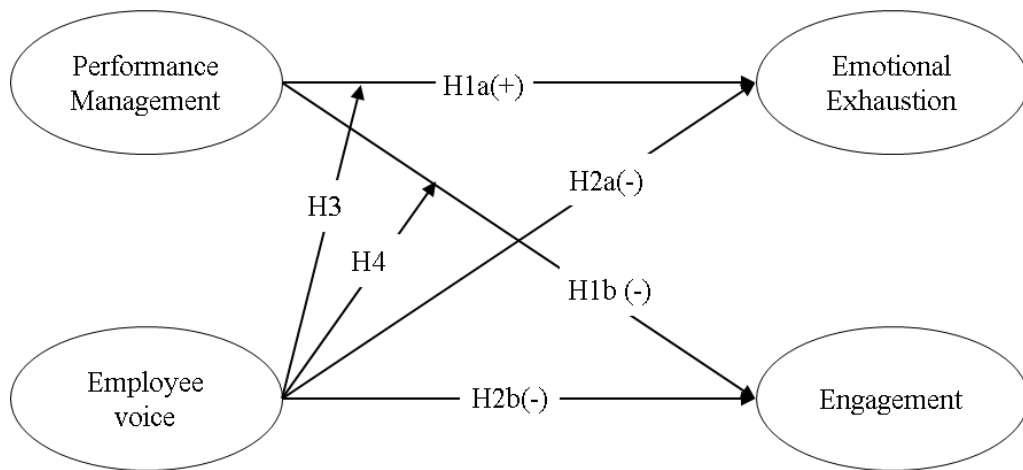
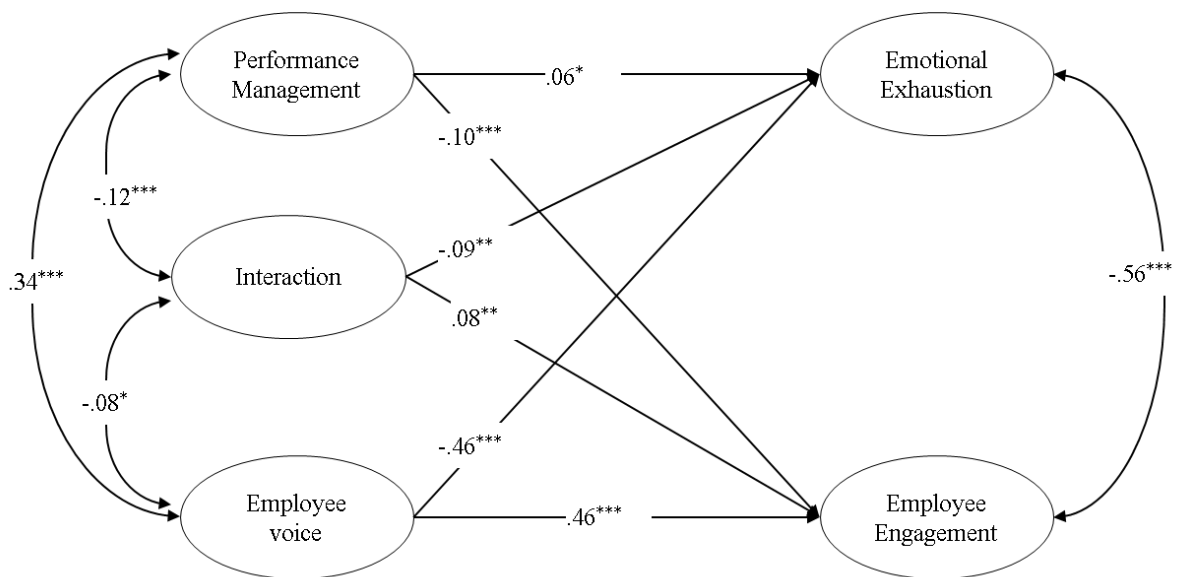


Figure 2. MSEM results



Overall Model Fit
X <sup>2</sup> = 1783; df = 181; NFI = .90;
CFI = .91; RMSEA = .067;
SRMR = .055.

Controls	Emotional Exhaustion	Employee Engagement
Gender	.02	.12***
Education	.05*	.03
Tenure	.06*	.12***

Figure 3. Interactions between Experiences of Performance Management and Employee Voice on Emotional Exhaustion

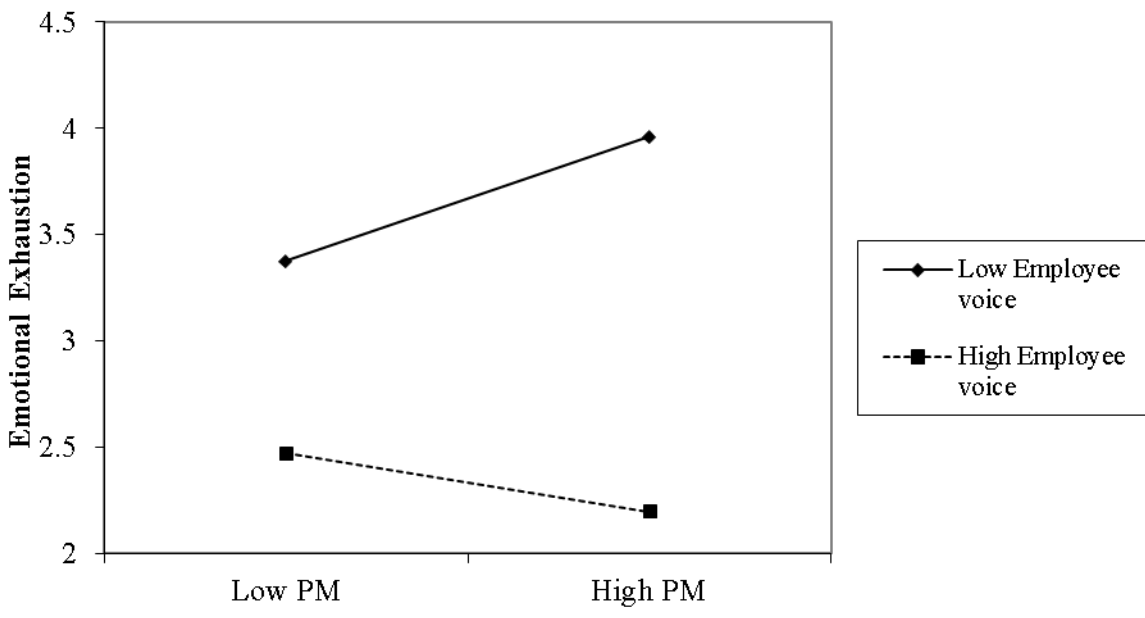
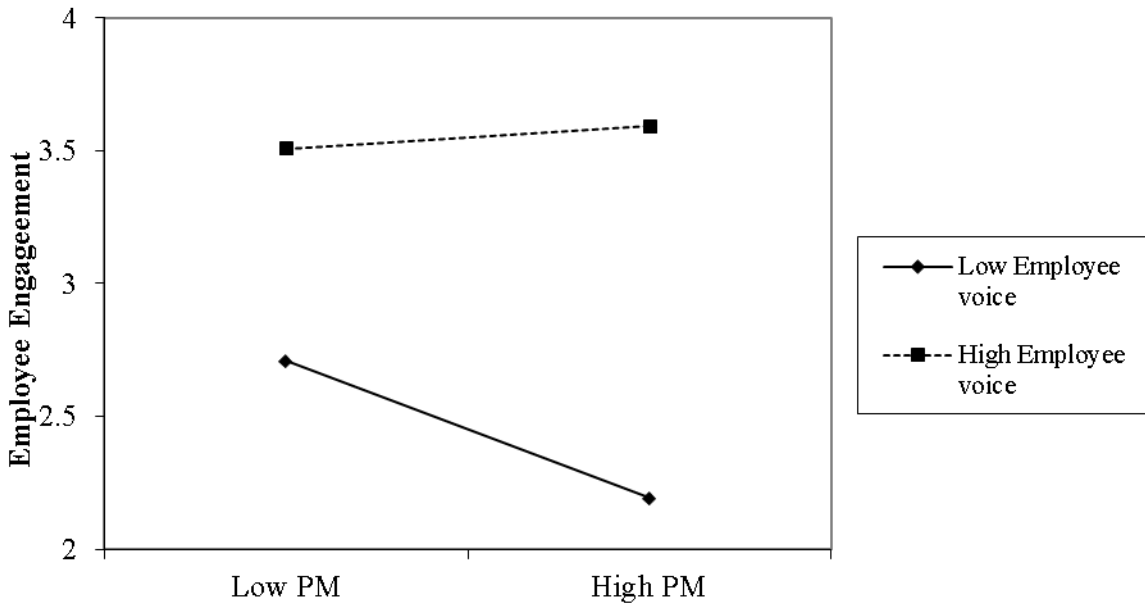


Figure 4. Interactions between Experiences of Performance Management and Employee Voice on Employee Engagement



## Appendix

The three-step procedure outlined by Cortina et al. (2001) to carry out Ping's (1995) MSEM approach.

**Step 1:** Standardize all indicators for the independent variable X (performance management,  $S_{xn}$ ,  $n = [1, 3]$ ) and moderator Z (employee voice,  $S_{zm}$ ,  $m = [1, 4]$ ).

**Step 2:** Create interaction term  $xz = \sum_1^3 S_{xn} * \sum_1^4 S_{zm}$ .

**Step 3:** Fix the measurement properties for interaction term  $xz$ .

- $\lambda_{xz}$ : path from latent interaction XZ to indicator  $xz$ :  $\lambda_{xz} = \sum_1^3 \lambda_{xn} * \sum_1^4 \lambda_{zm}$ ,  
where  $\lambda_{xn}$  are the path coefficients from latent independent variable X (performance management) to its indicators  $S_{xn}$ ,  $n = [1, 3]$ ;  
 $\lambda_{zm}$  are the path coefficients from latent moderator Z (employee voice) to its indicators  $S_{zm}$ ,  $m = [1, 4]$ .
- $\theta_{xz}$ : random measurement error for interaction indicator  $xz$ :  
$$\theta_{xz} = (\sum_1^3 \lambda_{xn})^2 * \text{Var}(X) * \sum_1^4 \theta_{zm} + (\sum_1^4 \lambda_{zm})^2 * \text{Var}(Z) * \sum_1^3 \theta_{xn} + \sum_1^4 \theta_{zm} * \sum_1^3 \theta_{xn}$$
where  $\lambda_{xn}$  are the path coefficients from latent independent variable X (performance management) to its indicators  $S_{xn}$ ,  $n = [1, 3]$ ;  
 $\lambda_{zm}$  are the path coefficients from latent moderator Z (employee voice) to its indicators  $S_{zm}$ ,  $m = [1, 4]$ ;  
 $\theta_{xn}$ , are the random measurement errors of indicators  $S_{xn}$ ,  $n=[1, 3]$ ;  
 $\theta_{zm}$ , are the random measurement errors of indicators  $S_{zm}$ ,  $m=[1, 4]$ .